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CHIHO-TIANDE GROUP LIMITED

齊合天地集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 976)

SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE SUBSCRIPTION OF ADDITIONAL SHARES UNDER THE SPECIFIC MANDATE APPLICATION FOR WHITEWASH WAIVER AND RESUMPTION OF TRADING

SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

The Board is pleased to announce that on 21 March 2015, the Company and the Subscriber entered into the First Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the First Subscription Shares (i.e. 203.9 million Shares) at the First Subscription Price of HK\$9.01 per Share pursuant to the terms and conditions of the First Subscription Agreement.

The First Subscription Shares represent approximately 19.42% of the issued share capital of the Company as at the date of this announcement, and approximately 16.26% of the issued share capital of the Company as enlarged by the First Subscription Shares. The First Subscription Shares will be allotted and issued under the General Mandate.

Upon completion of the First Subscription Agreement, the net proceeds (after deduction of all relevant costs and expenses from the First Subscription) from the First Subscription are estimated to be approximately HK\$1,835.64 million.

SUBSCRIPTION OF ADDITIONAL SHARES UNDER THE SPECIFIC MANDATE

On 21 March 2015, the Company and the Subscriber also entered into the Second Subscription Agreement (as amended and restated by a supplemental agreement dated 27 March 2015) pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for additional 253 million Shares in the aggregate amount of HK\$2,279.53 million at the initial Second Subscription Price of HK\$9.01 per Second Subscription Share (subject to adjustments).

The Second Subscription Shares represent approximately 24.10% of the issued share capital of the Company as at the date of this announcement, and approximately 16.79% of the issued share capital of the Company as enlarged by the First Subscription Shares and the Second Subscription Shares.

The Company will seek the Specific Mandate from the Independent Shareholders at the EGM for the issue of the Second Subscription Shares.

WHITEWASH WAIVER

Assuming that the First Subscription Agreement has been completed and immediately after the Second Subscription Completion Date, the Subscriber (together with parties acting in concert with it) will in aggregate be interested in 456,900,000 Shares, representing approximately 43.52% of the issued share capital of the Company as at the date of this announcement and approximately 30.32% of the issued share capital of the Company as enlarged by the allotment and issue of the First Subscription Shares and the Second Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the First Subscription Shares and the Second Subscription Shares).

Under Rule 26.1 of the Takeovers Code, the Subscriber and parties acting in concert with it will on the completion of the Second Subscription Agreement be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it and parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive.

In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of a poll.

The Independent Board Committee comprising all independent non-executive Directors has been established pursuant to Rule 2.8 of the Takeovers Code to advise the Independent Shareholders in relation to the Whitewash Waiver. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and an announcement will be made upon its appointment.

GENERAL

The proceeds of the First Subscription and (if any) the Second Subscription will be used by the Company as initial capital for the purposes of investing or co-investing in large overseas recycling businesses which the Company believes will be able to contribute value to the expansion of Group's existing business and the recycling business in China.

The EGM will be convened and held for the purpose of considering, inter alia, and, if thought fit, approving the Transactions.

The Subscriber and parties acting in concert with it, and any other Shareholders who are interested in or involved in the Transactions (including Mr. Fang who was involved in the negotiation in his capacity as an executive Director, and parties acting in concert with him (including HWH, Delco and Mr. van Ooijen)) shall abstain from voting on the resolutions approving the Transactions at the EGM.

The Circular containing, among other things, details of the First Subscription Agreement, the Second Subscription Agreement and the Whitewash Waiver, together with the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the notice of the EGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Listing Rules and the Takeovers Code.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 23 March 2015 pending the release of this announcement. An application will be made by the Company for the resumption of trading in the Shares on the Stock Exchange on 30 March 2015.

Shareholders and potential investors should note that completion of each of the First Subscription Agreement and the Second Subscription Agreement and the Transactions is subject to the fulfillment or waiver of certain conditions precedent. Completion of the Second Subscription Agreement is conditional upon the First Subscription being completed first unless waived by the Parties. However, the First Subscription is not conditional upon the completion of the Second Subscription Agreement or the Transactions being approved by the Independent Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

(I) SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

The Board is pleased to announce that on 21 March 2015, the Company and the Subscriber entered into the First Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the First Subscription Shares (i.e. 203.9 million Shares) at the First Subscription Price of HK\$9.01 per Share pursuant to the terms and conditions of the First Subscription Agreement.

A. THE FIRST SUBSCRIPTION AGREEMENT

The principal terms of the First Subscription Agreement are set out as follows:

Date

21 March 2015

Parties

The Company as issuer; and

The Subscriber as subscriber

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are independent of the Company and its connected persons.

The First Subscription Price

The First Subscription Price of HK\$9.01 per Share represents:

- (a) a premium of approximately 33.88% over the closing price of HK\$6.73 per Share as quoted on the Stock Exchange on 20 March 2015, being the last trading day immediately prior to the date of the First Subscription Agreement;
- (b) a premium of approximately 55.88% over the average closing price of approximately HK\$5.78 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 March 2015 immediately prior to the date of the First Subscription Agreement; and
- (c) a premium of approximately 65.63% over the average closing price of approximately HK\$5.44 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 20 March 2015 immediately prior to the date of the First Subscription Agreement.

The net First Subscription Price (after deduction of all relevant costs and expenses) is estimated to be approximately HK\$9.00 per Share.

The First Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into consideration, among others:

- (a) the business prospects and future plans of the Group;
- (b) the issue and allotment of the Second Subscription Shares to the Subscriber under the Second Subscription Agreement; and

- (c) the fact that, subject to further changes in the issued share capital of the Company, upon (i) the completion of the First Subscription, and (ii) the completion of the Second Subscription, the Subscriber and parties acting in concert with it will become a controlling shareholder of the Company.

The Directors consider that the First Subscription Price and the terms of the First Subscription Agreement are on normal commercial terms and are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The First Subscription Shares

The First Subscription Shares (i.e. 203.9 million Shares) represent approximately:

- (a) 19.42% of the issued share capital of the Company as at the date of this announcement; and
- (b) 16.26% of the issued share capital of the Company as enlarged by the First Subscription Shares.

The aggregate nominal value of the First Subscription Shares is approximately HK\$2.04 million.

Conditions Precedent

Completion of the First Subscription Agreement is conditional upon the fulfillment or waiver (if applicable) of the following Conditions:

- (a) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the First Subscription Shares and such approval not subsequently being revoked prior to the completion of the First Subscription Agreement;
- (b) all other necessary approvals and consents by the government and regulatory authorities in respect of the First Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (c) none of the Warranties having become untrue, inaccurate or misleading at any time before the completion of the First Subscription Agreement and no fact or circumstances having arisen and nothing having been done or omitted to be done which would render any of such Warranties untrue, inaccurate in any material respect if it was repeated as at the completion of the First Subscription Agreement;
- (d) up to and including the First Subscription Completion Date, there being no any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on (i) the ability of the Company to perform its respective obligations under the First Subscription Agreement; or (ii) the business, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Company or the Group as a whole; and

(e) Mr. Fang having executed the Lock-up Undertaking.

Save that the Subscriber may waive Condition (c) above, none of the other Conditions may be waived by the Company or the Subscriber.

The Company undertakes to use its best endeavours to procure the fulfilment of Conditions (a) and (b) (insofar as it applies to the Company), and the Subscriber undertakes to use its best endeavours to procure the fulfilment of Condition (b) (insofar as it applies to the Subscriber). If the above Conditions are not fulfilled and/or not waived (in respect of Condition (c) by the Subscriber) on or before the Long Stop Date, the First Subscription Agreement shall lapse and become null and void and the Parties shall be released from all obligations hereunder, save for any liability arising out of any antecedent breaches hereof.

Disposal or Lock-up Restriction

The Subscriber undertakes to the Company that during a period commencing on the First Subscription Completion Date and ending on the date which is 6 months from the First Subscription Completion Date, it shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the First Subscription Shares without the prior written consent of the Company, provided that nothing in this undertaking shall prevent the Subscriber from using the First Subscription Shares as security (including a charge or a pledge) for a bona fide commercial loan.

At completion of the First Subscription Agreement, the Company shall deliver the Lock-up Undertaking given by Mr. Fang, pursuant to which Mr. Fang shall undertake to the Subscriber that during a period commencing on the First Subscription Completion Date and ending on the date which is 6 months from the First Subscription Completion Date, he shall not, and shall procure HWH not to, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Shares held by him directly or indirectly, including any shares of HWH, or held by HWH as at the First Subscription Completion Date without the prior written consent of the Subscriber, provided that nothing in such undertaking shall prevent Mr. Fang or HWH from using the Shares held by him or it as security (including a charge or a pledge) for a bona fide commercial loan.

Completion

Completion of the First Subscription Agreement will take place on the third Business Day after the last of the Conditions shall have been satisfied unless otherwise agreed between the Parties and which shall be no later than the Long Stop Date.

Termination of the First Subscription Agreement

The Subscriber shall be entitled to terminate the First Subscription Agreement at any time on or prior to the completion of the First Subscription Agreement if:

- (a) any breach of any of the Warranties which in the reasonable opinion of the Subscriber arrived at in good faith is material in the context of its subscription for the First Subscription Shares comes to the knowledge of the Subscriber or any event occurs or matter arises on or after the date of the First Subscription Agreement and prior to the First Subscription Completion Date which if it had occurred or arisen before the date of the First Subscription Agreement would have rendered any of the Warranties untrue or incorrect when given or by reference to the facts and circumstances then subsisting or there has been a breach of any provision of the First Subscription Agreement;
- (b) there shall have been such a change or development involving a prospective change in national or international financial, political or economic conditions or currency exchange rates or exchange controls or any event or series of events (including any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) which may materially and adversely the ability of the Company to perform its obligations under the First Subscription Agreement or the business, assets and liabilities, conditions (financial or otherwise), results of operations or prospects of the Company or the Group as a whole;
- (c) there having come into effect any new law or regulation or there being any change or development involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority which in the reasonable opinion of the Subscriber may materially and adversely affect the ability of the Company to perform its obligations under the First Subscription Agreement or the business, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Company or the Group as a whole;
- (d) the trading of the Shares has been suspended (other than suspension pending clearance of this announcement by the Stock Exchange and/or the Securities and Futures Commission) or generally, trading in securities on the Stock Exchange has been suspended, or minimum or maximum prices for trading have been required, by the Stock Exchange or by order of any governmental authority; or
- (e) a moratorium on commercial banking activities has been declared or exchange controls imposed by authorities in Hong Kong.

In the event that the Subscriber terminates the First Subscription Agreement pursuant to the above provisions in the First Subscription Agreement, all the respective obligations of the Subscriber and the Company under the First Subscription Agreement shall cease and determine.

Ranking of the First Subscription Shares

The First Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the First Subscription Shares.

B. ISSUE OF THE FIRST SUBSCRIPTION SHARES UNDER THE GENERAL MANDATE

The First Subscription Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Directors are authorised to allot and issue up to 209,166,141 Shares, being 20% of the issued share capital of the Company as at the date of the AGM, which was 1,045,830,706 Shares. Given that the General Mandate is sufficient for the issue and allotment of the First Subscription Shares, the Subscription is not subject to the approval of the Shareholders.

As at the date of this announcement, no Shares have been allotted and issued under the General Mandate.

C. USE OF PROCEEDS

It is estimated that the net proceeds from the First Subscription after deduction of all relevant expenses will be approximately HK\$1,835.64 million.

The Company intends to apply the proceeds from the First Subscription to finance acquisitions of businesses or assets in order to further strengthen its principal business of metal recycling which is environmental friendly and is a sector encouraged by the central government of the PRC. In this connection, the Company is actively looking for suitable acquisitions opportunities within the metal recycling sector in mature overseas markets. As at the date of this announcement, no approach has been made by the Company to any potential acquisition targets. Despite current weakness and volatility in primary metals prices, which has a knock-on effect on the global metals recycling industry, the Directors believe that the longer prospect for the metals recycling industry in China remains very robust, especially for those able to harness the technology and know-how to recycle metals.

China is the world's leading consumer of many basic metals including copper and aluminum. This demand is not likely to reduce drastically in the short term. Given China's increasing concern with environmental pollution, the Directors believe that demand for recycled metals will continue to rise and it is only a matter of whether or not Chinese recyclers can produce recycled metals at economically viable costs.

The industry has strong backing from the Chinese Government, as demonstrated by the issue of the "12th Five-Year Plan for Waste Recycling Technology" in 2012 which identified major areas of waste recycling technology as well as discussed then current situation and future plans for development. One major focal areas of the plan was the development of technologies in comprehensive utilisation, reproduction and recycling of scrap metal, waste electronic products, used electro-mechanical products, and recycled polymer.

The metal recycling industry in China is very fragmented. In addition, the players in China are generally technologically behind their western counterparts. The Directors believe that if Chinese recycling businesses able to adopt Western technology, management techniques and know-how, the industry will benefit enormously from better productivity and resource management.

The Directors believe that the current softness and volatility in primary metals prices have created opportunities for market players with strong financial resources to take lead in consolidating the market and in bringing together Western technology, management techniques and know-how to tap the Chinese market opportunities.

The Directors have therefore decided to seek external funding which will be used as initial capital for the purposes of investing or co-investing in large overseas recycling businesses which the Company believes will be able to contribute value to the expansion of Group's existing business and the recycling business in China.

The Company has identified a small number of global players which may fit this category. However, at the moment the Company has not yet formally approached any one of them. Once the Company has secured the necessary capital (whether on its own or in conjunction with other investors), the Company intends to initiate discussions with those entities identified by the Company.

D. APPLICATION FOR LISTING OF THE FIRST SUBSCRIPTION SHARES

An application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the First Subscription Shares.

(II) SUBSCRIPTION OF ADDITIONAL SHARES UNDER THE SPECIFIC MANDATE

The Board is also pleased to announce that on 21 March 2015, the Company and the Subscriber entered into the Second Subscription Agreement (as amended and restated by a supplemental agreement dated 27 March 2015) pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for additional 253 million Shares in the aggregate amount of HK\$2,279.53 million at the initial Second Subscription Price of HK\$9.01 per Second Subscription Share (subject to adjustments).

A. THE SECOND SUBSCRIPTION AGREEMENT

The principal terms of the Second Subscription Agreement are set out as follows:

Date

21 March 2015 (as amended and restated by a supplemental agreement dated 27 March 2015)

Parties

The Company as issuer; and

The Subscriber as subscriber

The Second Subscription Price

The Second Subscription Price of HK\$9.01 per Share represents:

- (a) a premium of approximately 33.88% over the closing price of HK\$6.73 per Share as quoted on the Stock Exchange on 20 March 2015, being the last trading day immediately prior to the date of the Second Subscription Agreement;
- (b) a premium of approximately 55.88% over the average closing price of approximately HK\$5.78 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 March 2015 immediately prior to the date of the Second Subscription Agreement; and
- (c) a premium of approximately 65.63% over the average closing price of approximately HK\$5.44 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 20 March 2015 immediately prior to the date of the Second Subscription Agreement.

The net Second Subscription Price (after deduction of all relevant costs and expenses) is estimated to be approximately HK\$9.00 per Share.

The Second Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into consideration set out in the paragraph headed "First Subscription Price" under the section "A. The First Subscription Agreement".

The Directors (excluding the independent non-executive Directors who will only form a view after receiving the recommendation from the Independent Board Committee and the Independent Financial Adviser) consider that the Second Subscription Price and the terms of the Second Subscription Agreement are on normal commercial terms and are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Subscription of the Second Subscription Shares

On and subject to the terms and conditions of the Second Subscription Agreement, the Company shall issue, and the Subscriber shall subscribe in HK\$ in cash for, the Second Subscription Shares in the aggregate amount equal to the Second Subscription Amount at a price per Second Subscription Share which is equal to the Second Subscription Price in force on the Second Subscription Completion Date.

The Second Subscription Shares

The Second Subscription Shares (i.e. 253 million Shares) represent approximately:

- (a) 24.10% of the issued share capital of the Company as at the date of this announcement; and
- (b) 16.79% of the issued share capital of the Company as enlarged by the First Subscription Shares and the Second Subscription Shares.

The aggregate nominal value of the Second Subscription Shares is HK\$2.53 million.

Conditions Precedent

Completion of the Second Subscription Agreement is conditional upon the fulfillment of the following conditions precedent:

- (a) completion of the First Subscription having taken place;
- (b) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Second Subscription Shares and such approval not subsequently being revoked prior to completion of the Second Subscription Agreement;
- (c) the Independent Shareholders having approved the Transactions by way of poll;
- (d) the Subscriber being satisfied that all necessary corporate approvals and other legal and compliance requirements required by the Subscriber or its holding companies in respect of the Second Subscription Agreement and the transactions contemplated thereunder having been obtained and fulfilled;
- (e) all other necessary approvals and consents by the government and regulatory authorities in respect of the Second Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (f) none of the Warranties having become untrue, inaccurate or misleading at any time before the completion of the Second Subscription Agreement and no fact or circumstances having arisen and nothing having been done or omitted to be done which would render any of such Warranties untrue, inaccurate if it was repeated as at the completion of the Second Subscription Agreement; and
- (g) the Whitewash Waiver having been granted and such waiver not subsequently being revoked prior to the completion of the Second Subscription Agreement.

The Company shall undertake to use its best endeavours to procure the fulfilment of the above conditions precedent (other than such conditions precedent to be fulfilled by the Subscriber) as soon as possible after the date hereof and in any event no later than the Second Subscription Long Stop Date. Save that condition precedent (a) above may be waived by the Parties and condition precedent (f) above may be waived by the Subscriber, none of the above conditions precedent may be waived by the Company or the Subscriber.

If the above conditions precedent are not fulfilled and/or not waived (in respect of condition precedent (a) (by the Parties) and condition precedent (f) (by the Subscriber)) on or before the Second Subscription Long Stop Date, the Second Subscription Agreement shall lapse and become null and void and the Parties shall be released from all obligations hereunder, save for any liability arising out of any antecedent breaches hereof.

The Company undertakes to use its best endeavours to procure a meeting of the Independent Shareholders to approve the Transactions to be held as soon as possible before 15 May 2015 and the Subscriber undertakes to use its best endeavours to provide such assistance as may be reasonably required by the Company in connection therewith.

Disposal or Lock-up Restriction

The Subscriber undertakes to the Company that for a six months' period commencing from the Second Subscription Completion Date, it shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the relevant Second Subscription Shares without the prior written consent of the Company, provided that nothing in this undertaking shall prevent the Subscriber from using the Second Subscription Shares as security (including a charge or a pledge) for a bona fide commercial loan.

Completion

Completion of the Second Subscription Agreement shall take place on the Second Subscription Completion Date, which will be the third Business Day after the last of the conditions precedent under the Second Subscription Agreement shall have been satisfied unless otherwise agreed between the Parties which shall be no later than the earlier of (i) the date falling 15 days after the grant of the Whitewash Waiver; and (ii) the Second Subscription Long Stop Date.

Termination of the Second Subscription Agreement

The Second Subscription Agreement may be terminated at any time by mutual agreement between the Company and the Subscriber.

Adjustments to the Second Subscription Price

The Second Subscription Price will be subject to adjustments based on the prescribed formulae as set out in the Second Subscription Agreement, upon the occurrence of any of the following adjustment events which give rise to changes in the share capital of the Company:

- (i) consolidation, sub-division or re-classification of Shares;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution in cash or specie or subsequent issue of securities in the Company;
- (iv) issue of Shares by way of rights or issue by way of rights any options to subscribe for Shares at less than 95% of the Current Market Price;
- (v) rights issues of any securities by the Company other than Shares or options, warrants or other rights to subscribe for Shares;
- (vi) issues at less than 95% of Current Market Price for cash;
- (vii) issues at less than 95% of Current Market Price as consideration shares;
- (viii) other issues at less than 95% of the Current Market Price;
- (ix) modification of rights of conversion at less than 95% of the Current Market Price;
- (x) other offers to Shareholders; and
- (xi) one or more events not referred to in (i) to (x) above which the Company determines, upon consultation with the Subscriber, that an adjustment should be made.

It is a term of the Second Subscription Agreement that the Second Subscription Price may not be reduced so that the Second Subscription Shares shall be issued at a discount to their par value.

Ranking of the Second Subscription Shares

The Second Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of issue and allotment of the Second Subscription Shares.

B. SPECIFIC MANDATE FOR THE ISSUE OF THE SECOND SUBSCRIPTION SHARES

The Company will seek the Specific Mandate from the Independent Shareholders at the EGM for the issue of the Second Subscription Shares.

C. USE OF PROCEEDS

It is estimated that the net proceeds from the Second Subscription after deduction of all relevant expenses will be approximately HK\$2,278.03 million. The net proceeds of the Second Subscription will be used for the same purposes as the net proceeds of the First Subscription.

D. APPLICATION OF LISTING

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Second Subscription Shares.

(III) IMPLICATIONS UNDER THE TAKEOVERS CODE

Assuming that the First Subscription Agreement has been completed and immediately after the Second Subscription Completion Date, the Subscriber (together with parties acting in concert with it) will in aggregate be interested in 456,900,000 Shares, representing approximately 43.52% of the issued share capital of the Company as at the date of this announcement and approximately 30.32% of the issued share capital of the Company as enlarged by the allotment and issue of the First Subscription Shares and the Second Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the First Subscription Shares and the Second Subscription Shares) and will on completion of the Second Subscription Agreement be obliged to make a mandatory general offer under Rule 26.1 of the Takeovers Code to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it and parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive.

In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of a poll.

The Independent Board Committee comprising all independent non-executive Directors has been established pursuant to Rule 2.8 of the Takeovers Code to advise the Independent Shareholders in relation to the Whitewash Waiver.

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and an announcement will be made upon its appointment.

(IV) FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not undertaken any equity fund raising activity in the past twelve months prior to the date of this announcement.

(V) EFFECT OF THE FIRST SUBSCRIPTION AND THE SECOND SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement and (i) immediately after the completion of the First Subscription; and (ii) immediately after the completion of the Second Subscription:

Shareholders	As at the date of this announcement		Immediately after the completion of the First Subscription		Immediately after the completion of the Second Subscription	
	Shares	%	Shares	%	Shares	%
Directors						
Mr. Fang	7,014,000	0.67	7,014,000	0.56	7,014,000	0.47
Mr. Gu Liyong	425,000	0.04	425,000	0.03	425,000	0.03
Past Director						
Mr. van Ooijen	700,000	0.07	700,000	0.06	700,000	0.05
<i>(Note 3)</i>						
Substantial Shareholders						
HWH (Notes 1&4)	318,905,265	30.37	318,905,265	25.43	318,905,265	21.16
Tai Security Holding Limited	175,197,990	16.69	175,197,990	13.97	175,197,990	11.63
Good Union Hong Kong Investment Limited	120,000,000	11.43	120,000,000	9.57	120,000,000	7.96
<i>(Note 3)</i>						
Delco (Note 2)	115,197,991	10.97	115,197,991	9.19	115,197,991	7.64
<i>(Note 3)</i>						
The Subscriber (Note 4)	–	–	203,900,000	16.26	456,900,000	30.32
Other Public Shareholders						
	312,508,460	29.76	312,508,460	24.93	312,508,460	20.74
<i>(Note 3)</i>						
Total	<u>1,049,948,706</u>	<u>100.00</u>	<u>1,253,848,706</u>	<u>100.00</u>	<u>1,506,848,706</u>	<u>100.00</u>

Notes:

1. HWH is wholly-owned by, and hence an associate of, Mr. Fang.
2. Delco is a company 50%-owned by, and hence an associate of, Mr. van Ooijen, a former executive Director who resigned on 12 March 2015. As disclosed in the announcement of the Company dated 2 February 2015, Delco and HWH entered into a sale and purchase agreement (the “**HWH-Delco SPA**”) on 23 January 2015, pursuant to which Delco conditionally agreed to sell, and HWH conditionally agreed to purchase, 115,197,991 Shares. As at the date of this announcement, the HWH-Delco SPA has not yet been completed.
3. Immediately after the completion of the First Subscription, the Shares held by Mr. van Ooijen, Delco and Good Union Hong Kong Investment Limited will be regarded as Shares held by the public Shareholders and the public Shareholders will together hold approximately 43.74% of the issued share capital of the Company.

4. Immediately after the completion of the Second Subscription, HWH and the Subscriber will each hold more than 20% voting rights in the Company and will hence be presumed to be acting in concert with each other.

(VI) FUTURE INTENTIONS OF THE COMPANY

A. THE BUSINESS

The Subscriber has confirmed to the Company that it does not intend to cause the Group to change its existing business in the metals recycling industry. The Subscriber has no intention to dispose of or re-deploy the assets of the Group other than in the ordinary course of business. Save for the proposed appointment of an additional Director set forth below, the Subscriber intends that there will not be any material changes in the management or employees of the Group as a result of the completion of the First Subscription Agreement and the Second Subscription Agreement.

B. ADDITIONAL DIRECTOR

Pursuant to the terms of the First Subscription Agreement and the Second Subscription Agreement, as a contractual matter, the Company acknowledges and agrees to the right of the Subscriber, as a Shareholder, to nominate a person for appointment as Director under the laws of the Company's place of incorporation and its articles of association, subject to compliance with the requirements of the Stock Exchange and provided that (i) the nomination and appointment are considered by the Board to be in the best interest of the Company and the Shareholders as a whole; and (ii) the person nominated by the Subscriber has passed the Company's conflict and background check in accordance with common and usual standards and policies generally applicable to the nomination and appointment of a Director and Chairman of the Board. In connection therewith and subject to compliance with the requirements of the Stock Exchange and the provisos above, the Company undertakes to consider the appointment of a person nominated by the Subscriber as a Director and the Chairman of the Board, such appointment to take effect as from date after the despatch of the Circular. The Company proposes to appoint Mr. Tu Jianhua as a Director and Chairman of the Board as from the date after the despatch of the Circular. For the avoidance of doubt, the right to nomination is a contractual term under the First Subscription Agreement and the Second Subscription Agreement and the aforesaid appointment is a one-off matter which will be subject to the requirements to retire for re-election in accordance with the Company's articles of association and the Listing Rules. The Board would like to emphasise that the right to nomination conferred upon the Subscriber under the First Subscription Agreement and the Second Subscription Agreement is the same as that of any other Shareholder, as under the laws of the Company's place of incorporation and its articles of association there is no shareholding threshold required for any Shareholder to approach the Board with a candidate to request the Board to consider such nomination.

Further announcements in compliance with the Listing Rules and the Takeovers Code will be made when the person nominated by the Subscriber is appointed as an additional Director and the Chairman of the Board.

(VII) EGM

The EGM will be convened and held for the purpose of considering, inter alia, and, if thought fit, approving the Transactions.

At the EGM, voting will be conducted by way of a poll whereby (i) the Subscriber and parties acting in concert with it; and (ii) any other Shareholders who are interested in or involved in the Transactions (including Mr. Fang who was involved in the negotiation in his capacity as an executive Director, and parties acting in concert with him (including HWH, Delco and Mr. van Ooijen)) shall abstain from voting on the resolution(s) to be proposed at the EGM to approve the Transactions. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders (other than (i) the Subscriber and parties acting in concert with it, and (ii) Mr. Fang and parties acting in concert with him (including HWH, Delco and Mr. van Ooijen)) is interested or involved in the Transactions and is hence required to abstain from voting on the resolution(s) to be proposed at the EGM to approve the Transactions.

The Circular containing, among other things, details of the First Subscription Agreement, the Second Subscription Agreement and the Whitewash Waiver, together with the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the notice of the EGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Listing Rules and the Takeovers Code.

(VIII) INFORMATION ABOUT THE GROUP

The Group is principally engaged in the business of mixed metal scrap recycling, reuse and processing which involves the breaking down, demolition and separation of mixed metal scrap.

(IX) INFORMATION ABOUT THE SUBSCRIBER

The Subscriber is an investment holding company incorporated in Hong Kong with limited liability, which is directly wholly owned by USUM, a limited liability company incorporated in the PRC. The single largest shareholder of USUM is Loncin Holdings, with an equity interest in USUM of 38.65%. Loncin Holdings is 98% owned by Loncin Group and 2% owned by Mr. Tu Jianhua. Loncin Group is 98% owned by Mr. Tu Jianhua.

USUM has a registered capital of RMB3.08 billion, and is principally engaged in investments in the energy and natural resources sector. The business scope of USUM, as specified in its business licence, includes investment business, business information services and import and export of goods and technology.

The business scope of Loncin Holdings, as specified in its business licence, includes investments in projects relating to general industrials, real estate and technology, investment consulting and management, manufacture and sale of metal products, electrical machinery and equipments, electronics and communication equipments and import and export of goods.

The business scope of Loncin Group, as specified in its business licence, includes investment business, sale of automobiles, clothing, footwear, headwear, furniture, metal products, electrical machinery and equipment, electronics and communication equipments and fashion design.

Mr. Tu is an entrepreneur from the PRC. He is a member of the 11th and 12th National People Congress of the PRC. He is also the Vice-President of Chongqing City Federation of Industry and Commerce and Vice-Chairman of Chongqing Charity Federation. He is currently a non-executive director of Hanhua Financial Holding Co., Ltd, a company listed on the Stock Exchange (stock code: 3903).

(X) DEALING AND INTEREST OF THE SUBSCRIBER AND PARTIES ACTING IN CONCERT WITH IT IN THE SECURITIES OF THE COMPANY

As at the date of this announcement, save for the First Subscription Shares and the Second Subscription Shares, the Subscriber has confirmed that none of the Subscriber and parties acting in concert with it:

- (a) holds, controls or has direction over any outstanding Shares, options, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, or has entered into any derivatives in respect of the securities of the Company;
- (b) has received any irrevocable commitment to vote for or against the Second Subscription Agreement or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Second Subscription Agreement and/or the Whitewash Waiver, with any other persons;
- (e) has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Second Subscription Agreement and/or the Whitewash Waiver; or
- (f) has dealt in Shares, outstanding options, derivatives or other securities convertible or exchangeable into Shares, during the six months prior to the date of this announcement.

(XI) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 23 March 2015 pending the release of this announcement. An application will be made by the Company for the resumption of trading in the Shares on the Stock Exchange on 30 March 2015.

Shareholders and potential investors should note that completion of each of the First Subscription Agreement and the Second Subscription Agreement and the Transactions is subject to the fulfillment or waiver of certain conditions precedent. Completion of the Second Subscription Agreement is conditional upon the First Subscription being completed first unless waived by the Parties. However, the First Subscription is not conditional upon the completion of the Second Subscription Agreement or the Transactions being approved by the Independent Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

(XII) DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“AGM”	the annual general meeting of the Company held on 14 May 2014
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holidays in Hong Kong and the PRC) on which banks in Hong Kong and the PRC are open for business
“Circular”	the circular to be despatched by the Company to the Shareholders setting out further details of the First Subscription Agreement, the Second Subscription Agreement and the Whitewash Waiver, together with the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the notice of the EGM
“Company”	Chiho-Tiande Group Limited, a company incorporated in the Cayman Islands and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 976)

“Condition(s)”	the conditions precedent for the completion of the First Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Current Market Price”	has the same meaning ascribed to it under the Second Subscription Agreement
“Delco”	Delco Participation B.V.
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve, the Transactions
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“First Subscription”	the subscription by the Subscriber for the First Subscription Shares on the terms and subject to the conditions set out in the First Subscription Agreement
“First Subscription Agreement”	the subscription agreement dated 21 March 2015 entered into between the Company as issuer and the Subscriber as subscriber, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe, for the First Subscription Shares
“First Subscription Completion Date”	the date when completion of the First Subscription takes place
“First Subscription Price”	HK\$9.01 per First Subscription Share
“First Subscription Shares”	203.9 million new Shares to be subscribed for at the First Subscription Price by the Subscriber and to be issued by the Company
“General Mandate”	the general mandate granted to the Directors by an ordinary resolution of the shareholders of the Company approved at the AGM to allot, issue and deal with additional Shares or securities convertible into Shares and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which might require the exercise of such power, up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HWH”	HWH Holdings Limited
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders on the Transactions
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Transactions
“Independent Shareholders”	in respect of the Transactions, means, for the purpose of the Takeovers Code, Shareholders other than the Subscriber and parties acting in concert with it and any other Shareholders (including Mr. Fang who was involved in the negotiation in his capacity as an executive Director, and parties acting in concert with him (including HWH, Delco and Mr. van Ooijen)) who are interested in or involved in the Transactions
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lock-up Undertaking”	an undertaking to be given by Mr. Fang, pursuant to which Mr. Fang shall undertake to the Subscriber that during a period commencing on the First Subscription Completion Date and ending on the date which is 6 months from the First Subscription Completion Date, he shall not, and shall procure HWH not to, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Shares held by him directly or indirectly, including any shares of HWH, or held by HWH as at the First Subscription Completion Date without the prior written consent of the Subscriber, provided that nothing in such undertaking shall prevent Mr. Fang or HWH from using the Shares held by him or it as security (including a charge or a pledge) for a bona fide commercial loan
“Loncin Group”	Loncin Group Co., Ltd.* (隆鑫集團有限公司), a limited liability company incorporated in the PRC
“Loncin Holdings”	Loncin Holdings Co., Ltd.* (隆鑫控股有限公司), a limited liability company incorporated in the PRC

“Long Stop Date”	30 April 2015 or such later date as may be agreed between the Company and the Subscriber
“Mr. Fang”	Mr. Fang Ankong
“Mr. van Ooijen”	Mr. Stephanus Maria van Ooijen
“Parties”	collectively, the Company and the Subscriber
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Subscription”	the subscription by the Subscriber for the Second Subscription Shares on the terms and subject to the conditions set out in the Second Subscription Agreement
“Second Subscription Agreement”	the subscription agreement dated 21 March 2015, as amended and restated by a supplemental agreement dated 27 March 2015, entered into between the Company and the Subscriber pursuant to which the Company has conditionally agreed to issue and allot and the Subscriber has conditionally agreed to subscribe an aggregate amount of HK\$2,279.53 million for Second Subscription Shares at the Second Subscription Price of HK\$9.01 per Share (subject to adjustments)
“Second Subscription Amount”	HK\$2,279,530,000
“Second Subscription Completion Date”	the third Business Day after the last of the conditions precedent under the Second Subscription Agreement shall have been satisfied unless otherwise agreed between the Parties which shall be no later than the earlier of (i) the date falling 15 days after the grant of the Whitewash Waiver, and (ii) the Second Subscription Long Stop Date
“Second Subscription Long Stop Date”	30 June 2015 or such later date as may be agreed between the Company and the Subscriber
“Second Subscription Price”	HK\$9.01 per Second Subscription Share
“Second Subscription Shares”	253 million new Shares to be subscribed for by the Subscriber and to be issued by the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the EGM for the allotment and issue of the Second Subscription Shares pursuant to the Second Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Exchange Business Day”	any day (other than a Saturday or Sunday) on which the Stock Exchange is open for business
“Subscriber”	USUM Investment Group Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Subscription”	collectively, the subscription by the Subscriber for the First Subscription Shares and the Second Subscription Shares on the terms and subject to the conditions set out in the First Subscription Agreement and the Second Subscription Agreement, respectively
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers as amended from time to time
“Transactions”	the entering into of the Second Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver
“USUM”	USUM Investment Group Limited, a limited liability company incorporated in the PRC
“Warranties”	the representations, warranties and undertakings of the Company set out in the First Subscription Agreement which will apply <i>mutatis mutandis</i> to the Second Subscription Agreement in relation to the Second Subscription Shares and, for the purpose of the Second Subscription Agreement, any other representations, warranties and undertakings made by the Company in the Second Subscription Agreement

“Whitewash Waiver”

a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscriber and parties acting in concert with it to make a mandatory general offer for all of the securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it which would otherwise arise as a result of the Second Subscription

By Order of the Board
Chiho-Tiande Group Limited
Fang Ankong
Chairman

Hong Kong, 27 March 2015

As at the date of this announcement, the Board of Directors of the Company comprises:

Executive Directors: Fang Ankong, Gu Liyong

Independent Non-Executive Directors: Loke Yu, Zhang Jingdong, Zhu Dajian

As at the date of this announcement:

- (i) the sole director of the Subscriber is Ms. Danni Chan; and
- (ii) the directors of USUM comprise Tu Jianhua, Yue Longqiang, Duan Xiaohua, Yang Weimin, Xiao Hua’an, Peng Jianqiang, Huang Hongyun, Xiang Hua, Song Xiaoping, Liao Changguang and Wang Huadong.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Subscriber) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The sole director of the Subscriber and the directors of USUM jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Group) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* For identification purposes only